



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Rolling Hills Estates

Kristine Cazadd
Executive Director
www.boe.ca.gov

**For Immediate Release
March 30, 2012**

**Contact: NR 33-12-S
Jaime Garza
916-327-8988**

California Consumers Reduce Gasoline Consumption as Pump Prices Soar 23% Year over Year Comparison Shows Gasoline Consumption Declined 1.8% in 2011

Sacramento – California gasoline prices jumped 23% in 2011 to an average of \$3.86 as consumer consumption dropped 1.8%, according to a report released today by Michelle Steel, Vice Chair of the California State Board of Equalization (BOE).

“With rising gas prices Californians get hit not only with the pump price, but also with higher sales tax payments on gas and higher costs for all consumer goods that are produced or transported using gasoline,” said Steel.

“Even as gas consumption decreases, sales tax revenues will continue to rise because of higher prices. Cutting the sales tax, already the highest in the nation, would go a long way to helping consumers fuel their cars and purchase the goods they need to live their lives.”

Diesel fuel prices in California went up 25% in the fourth quarter of 2011 to \$4.13 as consumption increased 2.3%. According to the BOE [Economic Perspective](#), the overwhelming majority of diesel fuel sold for use on California roads is for commercial trucks. The diesel market is affected by the economy, imports and exports through California ports, and supply and demand conditions in residential and nonresidential construction, and agriculture.

Many Californians are struggling with high prices and taking steps to reduce their gasoline consumption. The decline in gasoline use in California began in 2005, a few years before the recession began. Gasoline use has also been affected by changes in commute patterns brought on by the recession and high unemployment rates -- especially in the decline of extremely long commutes. National fuel economy standards may also affect consumption in California.

The national average price of a gallon of gasoline was up 17% in the fourth quarter of 2011 to \$3.43, while diesel prices increased 23% to \$3.87. According to the [Energy Information Administration](#), the cost of crude oil, which is set on the world market, determines about 72 percent of the price of gasoline. Some energy experts agree that the best way to reduce gasoline price spikes is to decrease our dependence on foreign oil.

Energy economist Severin Borenstein, with U.C. Berkeley's Haas School of Business, explained that oil prices drive gasoline prices up. Global factors largely determine the price of oil. However, because oil is a global commodity and demand in India, China, and elsewhere in the developing world is skyrocketing, responses by California's consumers cutting back on gas purchases has only a

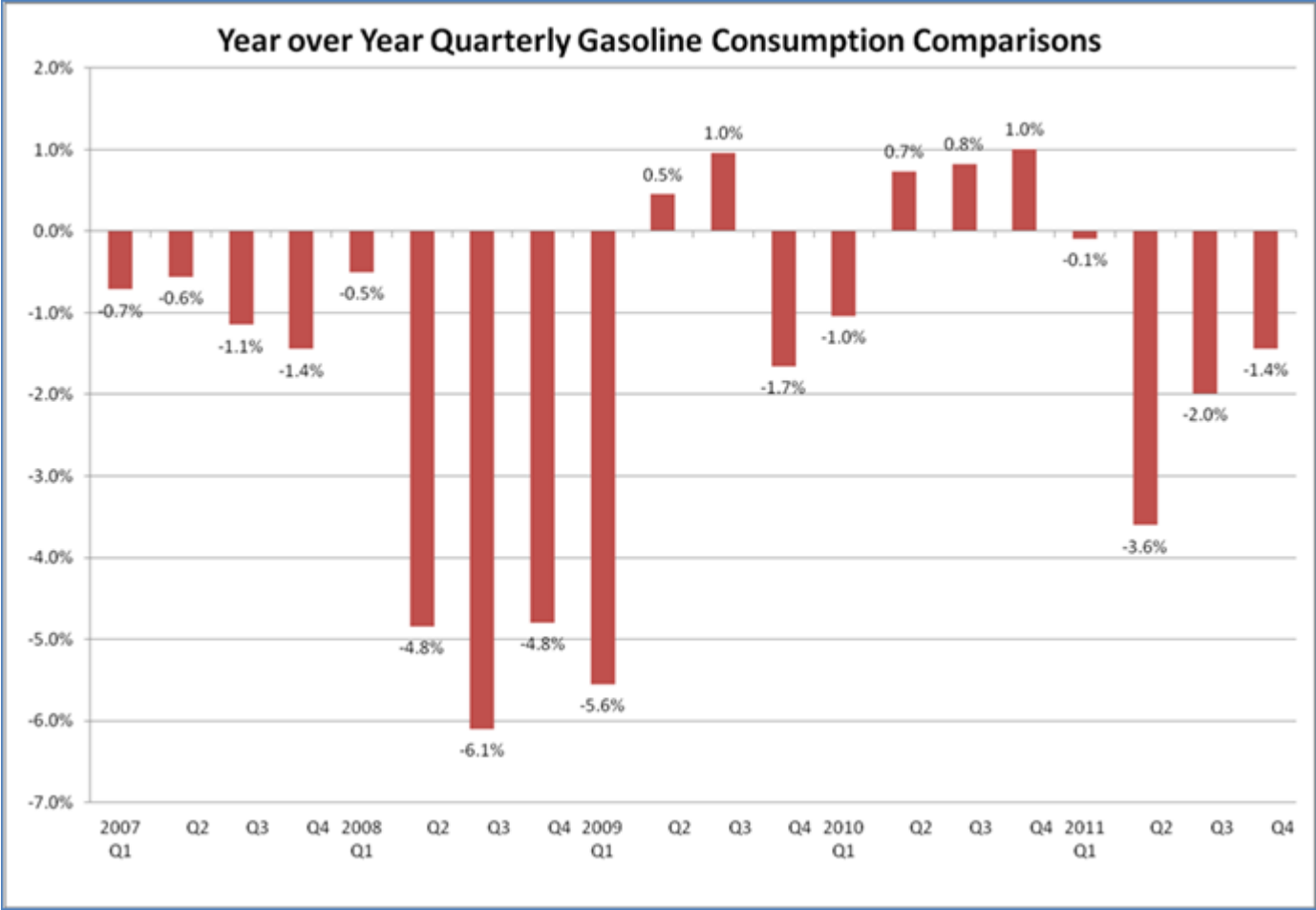
minor impact on worldwide demand. U.S. oil production was up 13 percent in 2011 over 2008, but still remains less than one-tenth of the world oil market.

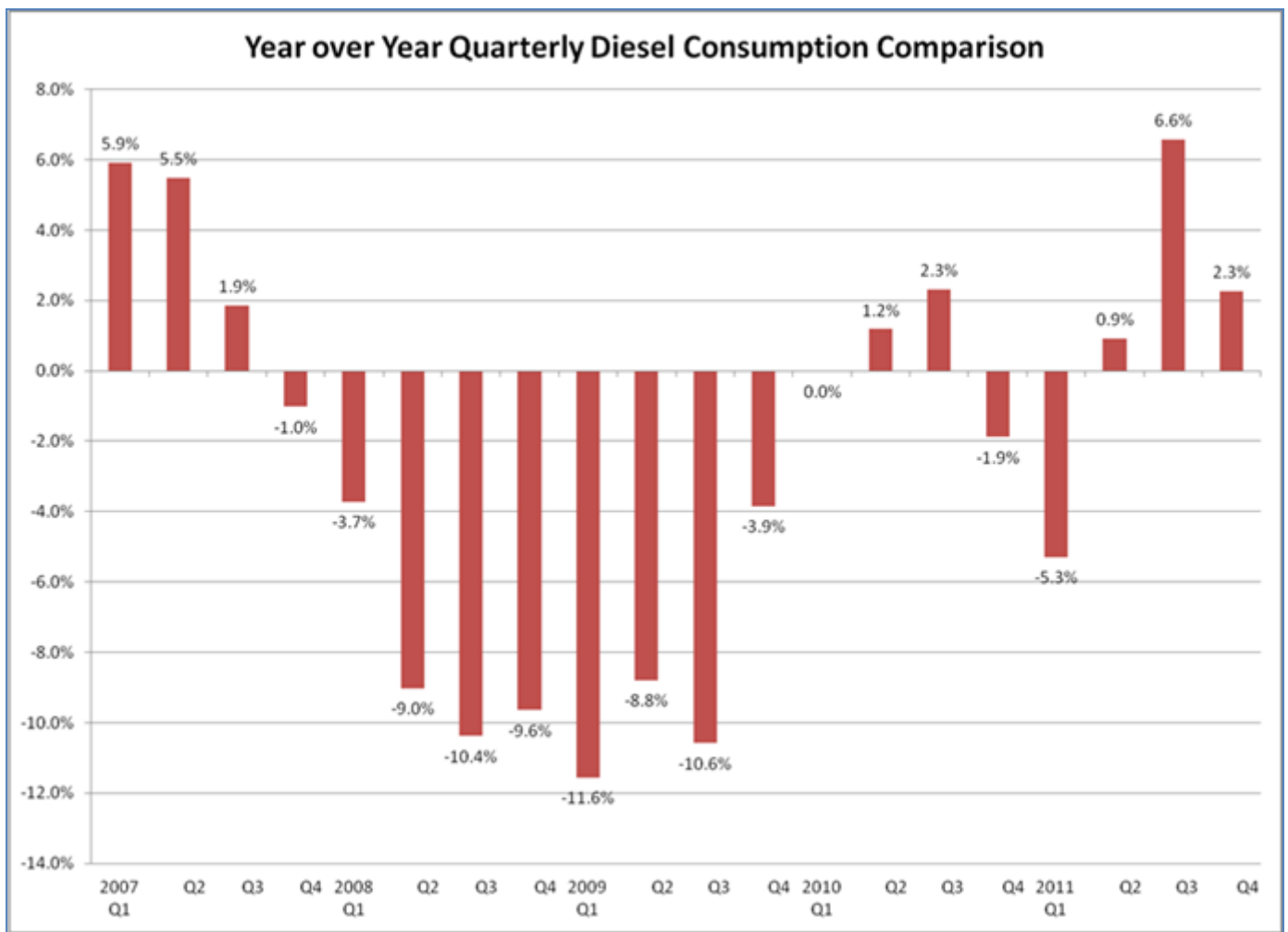
California gasoline and diesel fuel figures are net consumption, including audit assessments, refunds, amended and late tax returns, and the State Controller’s Office refunds. BOE is able to monitor gallons through tax receipts paid by fuel distributors in California. BOE updates the fuel reports at the end of each month.

Fuel Statistics and Reports www.boe.ca.gov/sptaxprog/spftrpts.htm

Taxable Gasoline Gallons Report: www.boe.ca.gov/sptaxprog/reports/MVF_10_Year_Report.pdf

Taxable Diesel Gallons Report: www.boe.ca.gov/sptaxprog/reports/Diesel_10_Year_Report.pdf





* * * * *

Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

###